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# THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS  
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C.  MAY 1953

Approved by the Outlook and Situation Board, May 20, 1953

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## SUMMARY

Economic activity in April continued at about the record level of the first three months of the year. A large outpouring of goods and services was accompanied by new highs in employment for the period. With weekly earnings about 8 percent above a year ago, the flow of income to consumers and their purchases have been at record rates. This strong consumer demand has been accompanied by large business outlays for new plant and equipment and a further small rise in defense spending.

Although domestic demand for food and other farm products continues high, seasonal movements and heavy marketings brought a further decline in the average of prices received by farmers during the month ending April 15. Most of the decline was due to lower prices for potatoes, truck crops, and milk. In mid-April prices of farm products averaged 11 percent below a year earlier. Prices paid by farmers for commodities, interest, taxes and wages, off slightly from mid-March were only 3 1/2 percent below April 1952. The parity ratio (ratio of the index of prices received by farmers to prices paid including interest, taxes and wages) declined 1 point over the month to 93 in mid-April. This was the lowest since June 1941 and compares with 100 in April last year.



## ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1952		1953			
		Year	Apr.	Jan.	Feb.	Mar.	Apr.
Industrial production <u>1/</u>							
Total .....	1935-39=100	219	216	236	240	242	p242
All manufactures .....	do.	230	225	249	254	257	p257
Durable goods .....	do.	280	277	316	322	327	p329
Nondurable goods .....	do.	189	183	195	198	200	p198
Minerals .....	do.	160	166	164	163	160	p160
Construction activity <u>1/</u> #							
Contracts, total .....	1947-49=100	183	171	190	173	177	
Contracts, residential .....	do.	181	189	173	182	176	
Wholesale prices <u>2/</u> #							
All commodities .....	1947-49=100	112	112	110	110	110	109
All commodities except farm and food .....	do.	113	113	113	113	113	113
Farm products .....	do.	107	109	100	98	100	98
Processed foods .....	do.	109	108	106	105	104	103
Prices received and paid by farmers <u>3/</u>							
Prices received, all products .....	1910-14=100	288	290	267	263	264	259
Prices paid, interest, taxes, and wage rates .....	do.	286	289	262	280	281	279
Parity ratio .....		101	100	95	94	94	93
Consumers' price <u>2/</u> <u>4/</u> #							
Total .....	1947-49=100	114	113	114	113	114	
Food .....	do.	115	114	113	112	112	
Income							
Nonagricultural payments <u>5/</u> ...	Bil. dol.	248.0	242.9	259.5	261.1	262.8	
Production worker pay rolls <u>2/</u> #	1947-49=100	135.3	129.1	147.4	149.2		
Weekly earnings of production workers <u>2/</u> #							
All manufacturing .....	Dollars	67.97	65.67	70.93	71.17	72.10	
Durable goods .....	do.	73.04	70.99	76.91	77.15	77.70	
Nondurable goods .....	do.	60.98	58.75	63.04	62.88	63.76	
Employment							
Total civilian <u>6/</u> .....	Millions	61.3	60.1	60.5	60.9	61.5	61.2
Nonagricultural <u>6/</u> .....	do.	54.5	53.7	55.1	55.6	55.7	55.2
Agricultural <u>6/</u> .....	do.	6.8	6.4	5.5	5.4	5.7	6.1
Government finance (Federal) <u>7/</u>	Million						
Income, cash operating .....	dollars	5,950	4,689	5,239	6,267		
Outgo, cash operating .....	do.	6,082	5,972	5,442	5,754		
Net cash operating income or outgo .....	do.	- 132	-1,283	- 203	513		

Annual data for the years 1929, 1932 and 1935-52 appear on page 26 of the April 1953 issue of the Demand and Price Situation.

1/ Federal Reserve Board. Construction activity revised to 1947-49 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Index of change in prices of goods and services purchased by city wage-earner and clerical-worker families to maintain their level of living. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury. Data for 1952 are on average monthly basis.

# Revised series. p= Preliminary.



Cash receipts from sales of farm products in the first 4 months of this year totaled about 2 percent below a year earlier. Lower prices for farm products have more than offset a substantial increase in marketings over a year ago. Receipts are likely to continue below a year earlier. Although costs also are expected to be down a little, the net income realized by farm operators in 1953 probably will be down about a billion dollars from the 14.3 billion of last year.

Personal incomes were at an annual rate of 281.3 billion dollars in the first quarter, up 7 percent from last year. Consumer credit also supported large retail sales in March as the volume outstanding rose about 430 million dollars to a level about 30 percent above March 1952. Retail sales reflected this high level of consumer demand, remaining in March near the record high of February, and about one-tenth larger than a year earlier. Sales by automotive dealers, up more than 30 percent over the year, were chiefly responsible for this gain but sales were also higher for most other groups. A recent survey reports that consumers are planning to buy more new cars and major household appliances and to purchase more new and used houses than a year ago.

Outlays by business for new plant and equipment are expected to continue large in the second quarter, according to recent surveys, and for the year as a whole may total somewhat above 1952. Expenditures for new construction in April were at record levels for the month, about 5 percent above last year with substantially larger outlays for commercial construction and new homes. Housing starts rose about 13 percent in April and for the first four months of this year totaled slightly above those of a year ago. The Government has raised interest rates on V. A. guaranteed and F.H.A. insured mortgages and also has removed down payment requirements and extended permissible maturities on V.A. loans to thirty years.

Prices both at retail and wholesale held relatively steady in recent months as increased demand for goods and services was about matched by larger production. Average wholesale prices of all commodities rose slightly from mid-April to early May reflecting small increases in prices of farm products and processed foods.

#### Commodity Highlights

Demand for meat is strong and about the usual seasonal price movements are in prospect for meat animals. Prices of fed cattle may rise after heavy marketings ease off this summer; those of grass cattle and lambs probably will decline. Hog prices seem likely to ease off then recover during the late summer months. Milk production in January-April was nearly 7 percent above a year ago due chiefly to a mild winter and an increase in milk cow numbers in the latter part of 1952. Average prices received by farmers for both milk and butterfat averaged below a year earlier and probably will continue lower through the remainder of 1953. Demand for eggs continues strong. With prices this spring up 10 cents per dozen from last year, the seasonal price increase in 1953 may be smaller than in 1952. Eroiler prices declined in most areas in April, and will be influenced in coming months by gradually increasing supplies.



Market prices for cottonseed and soybean oil have trended upward in recent months. Prices of feed grains have been comparatively stable in the past 2 or 3 months, averaging about 10 percent lower than a year earlier. The carry-over of feed grains into 1953-54 may total around one-third larger than the 20 million tons carried into 1952-53. Supplies of wheat for the 1953-54 marketing year probably will be little different from those in the current marketing year, with larger carry-over stocks more than offsetting the smaller production. Reduced carry-over stocks of canned fruits and smaller cold-storage stocks of frozen fruits than a year ago will contribute to relatively high prices for deciduous fruits in June and July. Larger production of commercial vegetables for fresh market this spring has resulted in lower average prices. Prices received by farmers for processing crops probably will be about as high this year as last except for tomatoes. Larger supplies of new and old potatoes are being marketed at much lower prices this year than last. Supplies are likely to continue well above a year earlier and prices much lower, if March intentions to plant are carried out and yields are about average. Although domestic mill consumption of cotton continues slightly above a year ago, exports so far this season are running about 50 percent lower. After a slight decline in early April, wool prices in foreign markets resumed their upward trend, which by early May had offset most of the earlier declines. Quotations in domestic markets also advanced slightly. Market prices for sales of Maryland tobacco through mid-May averaged 14 percent more than in the comparable period of a year earlier. Supplies in 1953-54 of Maryland, flue-cured and Burley tobacco will be a little larger than in the preceding 12 months.

#### GENERAL BUSINESS CONDITIONS

The dollar volume of goods and services produced in the first quarter of 1953, after adjustment for seasonal variation, was about 6 percent above a year ago and a record. Most of this represented an increase in physical volume. Expenditures by consumers were at a new high and those of businessmen and the Government continued large. With employment at a high for the quarter and record hourly earnings, personal incomes were higher than ever before. This high rate of economic activity continued into April, but short work stoppages by some railroad and automobile workers kept industrial production at about March levels. With prospects for a continued high level of Government expenditures and a record rate of business investment in new plant and equipment, there is little likelihood of any marked reduction in economic activity in the next few months.

#### Demand for Goods and Services

Personal incomes were at a seasonally adjusted annual rate of 281.3 billion dollars in the first quarter, up 1 percent from the quarter before and 7 percent from a year ago. With high incomes and stable prices in recent months, consumers in general were reported to be optimistic. According to a Federal Reserve Board survey taken early in 1953, the proportion of consumers who feel their financial situations have improved is somewhat larger than it was in previous surveys, and



the proportion who feel times are good for making major purchases has increased considerably since early 1952. This strong consumer demand was reflected in expenditures by consumers in the first quarter at an annual rate of 226.2 billion dollars, a rise of 6 percent from last year.

Retail sales continue to reflect high level incomes. Sales in March (adjusted for seasonal variation) were down less than 1 percent from the record level of February, but were about 10 percent larger than a year earlier. Sales by the lumber, building and hardware group rose about 4 percent from February, mirroring record first quarter outlays for new construction. Sales by the automotive group failed to rise as much as usual for March primarily because of more than seasonal increases in January and February. Most of the other major groups reported little change in sales over the month.

The increase in retail sales from March 1952 was general for most groups. Sales by automotive dealers were up 30 percent and other durable goods groups also reported substantial gains. Most nondurable goods groups showed increases of 5 to 10 percent from a year ago.

Consumer credit continued to be a supporting factor in the large volume of retail sales. New installment credit granted in March exceeded repayments by 422 million dollars. This increased the total outstanding at the end of the month to 19.3 billion, more than 30 percent higher than a year earlier. Most of the expansion during the month resulted from a gain of 313 million in automobile paper, reflecting an increase in automobile sales. Noninstallment credit also rose slightly. Combined consumer credit outstanding at the end of March totaled 25.7 billion dollars, near the record at the close of 1952.

#### Investment Expenditures Continue High

Private domestic investment was estimated at an annual rate of 54.4 billion dollars in the first quarter, a drop of about 3 billion from the October-December period. The decline resulted from a reduction in inventory accumulation from an annual rate of 8 billion dollars to 1.7 billion. Investment in new construction and producers' durable equipment both rose to new highs.

Business expenditures for new plant and equipment were at an annual rate of 27.5 billion dollars in the first quarter. Investment plans are optimistic for coming months. According to reports made in February and early March to the Securities and Exchange Commission and the Department of Commerce, business investment is expected to rise to a new high of around 28 billion in the second quarter. If these expectations materialize, outlays by railroads would be about 13 percent, public utilities 6 percent, and manufacturing industries about 2 percent larger than in the previous quarter. Somewhat smaller expenditures were indicated for the "commercial and other" group and for transportation other than railroads.



Expenditures for new construction in January-April were at record levels for the period, 6 percent above last year. Private outlays were up 7 percent. Commercial building--restaurants, garages, stores, warehouses, etc.--gained 47 percent and is expected to continue substantially above last year. Outlays for residential construction were 9 percent higher, reflecting a more than seasonal increase in the number of new housing units started in late 1952 and early 1953. Public utilities were up 7 percent. Private spending for industrial construction was 4 percent lower than last year's record, and there is some indication of further tapering off. Public outlays were about 3 percent above the 1952 figure for these months, with most of the increase in defense-connected construction and highway work. Public expenditures on housing, hospital building, and conservation and development work were all at lower levels than during the first four months of 1952.

New housing starts rose about 13 percent during April to a total of 110,000 units. For the first four months of 1953 about 1 percent more units were started than for the same months of a year ago. New home construction this year is expected to total near the 1.1 million units built in 1952. At the beginning of May, the Government raised interest rates on mortgages guaranteed by the Veterans Administration or insured by the Federal Housing Administration. The V.A. also removed down payment requirements and permitted maturities to be extended to 30 years.

Although the rate of accumulation has dropped in recent months, investment in business inventories at the end of March totaled 75.2 billion dollars, a new record. With sales at or near record, the ratio of stocks to sales is currently less than it was in 1952. However, retail stocks of automobiles and household durable goods have increased in recent months. Accumulation of television sets and a few other consumer durables has been large enough to result in curtailed output of these items in recent weeks.

National Security spending is apparently nearing a peak. Outlays were at an annual rate of 51.2 billion dollars in the first quarter of 1953, about 1.3 billion dollars above the second quarter of 1952. Although some decrease is indicated in appropriations for the 1953-54 fiscal year, any decline in the rate of these expenditures by the end of this year is apt to be relatively small in view of current commitments and large unexpended balances.

#### Output and Employment

Total output of goods and services (Gross National Product measured in constant prices) in the first quarter was around 4 percent higher than a year earlier and production continued at a high level during April. A high rate of employment accompanied the expanded output, and in early April the number of workers having jobs totaled 61.2 million, a new high for the month.

The index of industrial production in April was about the same as the March level of 242 (1935-39=100), and about 12 percent above a year earlier according to preliminary estimates of the Federal Reserve Board.



Steel production declined somewhat from the all-time high of more than 10 million tons in March as operation in a few plants was disrupted by labor-management disputes in some railroads. Crude petroleum runs were reduced as a comparatively mild winter caused stocks of fuel to build up. Petroleum refining also was down slightly. There was a further greater than seasonal curtailment in production of television sets. Offsetting these declines were increases in metal fabricating and a further gain in automobile output. About 605,000 passenger cars were assembled compared with about 415,000 in April of last year. Output of metal household goods, other than television and furniture, also continued high.

Manufacturers sales and inventories of both durable and nondurable goods totaled about the same in March as a month earlier, after allowing for seasonal variations. Deliveries of motor vehicles rose substantially but shipments by other producers showed little change over the month. Inventories held by nondurable goods manufacturers were down slightly from the previous month and were 3 percent below March 1952 while stocks of durable goods were 5 percent higher. New orders were moderately below the February rate, after seasonal adjustments, as new business placed with electrical machinery and transportation equipment producers declined. The backlog of unfilled orders for durable goods continued at about 5 to 6 times current deliveries.

#### Employment

Employment totaled 61.2 million in April, about 1 million higher than a year ago, reflecting the record rate of economic activity. Nonagricultural employment dropped half a million from the month before, chiefly due to the post-Easter decline in trade. Farm employment increased seasonally as planting of crops got well under way. With employment decreasing less during the month than the civilian labor force, unemployment dropped 90,000 to 1.6 million, about 2.5 percent of the civilian labor force.

#### COMMODITY PRICES

Average retail prices so far this year have been relatively steady, a little above last year, as increased output approximately matched demands on the economy. Food prices at retail have been declining since last August, mainly because of lower prices for beef, potatoes and dairy products in particular. But these declines have been largely offset in the index by rising charges for transportation, rents and most services.

Wholesale prices also have been relatively stable in recent months despite sharp drops in prices of a few nonfarm commodities and some weakness in the over-all average of prices for farm products. Following decontrol in March, prices rose somewhat for several commodities--copper, stainless steel, coffee and some chemicals. But average prices of nonfarm products in general have continued relatively steady over the past year.



Wholesale prices of the farm products and processed foods groups rose slightly from mid-April to mid-May. Average prices for the all other than farm and food group remained unchanged. The index of 22 basic commodity prices dipped slightly in early May. Prices for metals dropped substantially with sharp reductions in copper, lead and steel scrap. Fats and oils also were down slightly. These were only partially offset by increases in foodstuffs, textiles and fibers, and livestock and products.

Table 1.- Indexes of wholesale and basic commodity prices, selected groups, May 12, with comparisons

(1947-49=100)					
Group	May 12, 1953				
	percentage change from				
	May 12, 1953	Apr. 14, 1953	May 13, 1952	Apr. 14, 1953	May 13, 1952
<u>22 Basic Commodities</u>					
All commodities.....	87.6	87.8	97.2	-0.2	-9.9
Foodstuffs.....	89.1	88.1	92.5	+1.1	-3.7
Raw industrial.....	86.5	87.4	100.4	-1.0	-13.8
Livestock and products....	63.0	60.9	69.1	+3.4	-8.8
Metals.....	95.7	101.2	117.6	-5.4	-18.6
Textiles and fibers.....	89.4	87.1	92.3	+2.6	-3.1
Fats and oils.....	59.2	60.1	60.2	-1.5	-1.7
<u>Wholesale prices</u>					
All commodities.....	109.9	109.5	111.6	+0.4	-1.5
Farm.....	98.5	98.0	108.3	+0.5	-9.0
Food processed.....	104.5	103.4	108.7	+1.1	-3.9
All other than farm and food.....	113.4	113.3	112.9	+0.1	+0.4

### Prices Received by Farmers Lower

The index of prices received by farmers declined about 2 percent during the month ending April 15, and was 11 percent lower than April last year. Truck crop prices dropped 18 percent from mid-March and were 34 percent less than a year ago. Much of this decline from mid-March was due to a sharp reduction in prices of new crop onions in Texas as a result of increased marketings from this year's large crop. But prices were also lower for tomatoes, spinach, cabbage, and lettuce. An 11-percent drop in prices for "other vegetables"--potatoes, sweetpotatoes and dry edible beans--reflected a sharp decline in potato prices. Plentiful supplies of old crop potatoes, coupled with a record early spring crop and prospects for a big late spring crop, continued to depress the market. Although prices for all fruits in the index, except apples and oranges, increased between mid-March and mid-April, higher prices for strawberries were largely responsible for the 5 percent increase.



Prices received by farmers for dairy products were down another 5 percent in the month ending April 15 as milk production on farms increased seasonally. Lower average prices for beef cattle, calves and sheep were almost offset by higher prices for hogs and lambs as the meat animal index eased off about 1 percent. Higher egg prices more than offset the decline in prices of chickens and turkeys. In mid-April, eggs were nearly 30 percent higher than a year earlier.

Prices for many farm products at central markets rose somewhat over the four weeks ending May 15. Barrows and gilts, all weights at Chicago were up more than a tenth, and slaughter steers and utility cows averaged about 2 percent higher. The 10-spot market average for Middling 15/16 inch cotton increased about 2 percent but egg prices declined during the month. Prices for many of the grains--rye, oats, barley, soybeans, and flaxseed--and potatoes also were a little lower in mid-May than a month earlier.

Table 2.- Group indexes of prices received and paid by farmers, April 1953 with comparisons

Group	(1910-14=100)					
	Apr. 15, 1953	Mar. 15, 1953	Apr. 15, 1952	April 15, 1953		percentage change from
				Mar. 15, 1953	Apr. 15, 1952	
Food grains .....	244	246	250	-1	-2	
Feed grains and hay .....	206	208	229	-1	-10	
Cotton .....	266	266	313	0	-15	
Tobacco .....	424	424	435	0	-3	
Oil-bearing crops .....	289	291	279	-1	+4	
Fruit .....	226	215	179	+5	+26	
Other vegetables .....	226	253	312	-11	-28	
Truck crops .....	204	248	308	-18	-34	
All crops .....	247	253	272	-2	-9	
Meat animals .....	299	301	372	-1	-20	
Dairy products .....	264	277	291	-5	-9	
Poultry and eggs .....	218	216	180	+1	+21	
Wool .....	300	294	280	+2	+7	
Livestock and products ...	270	274	306	-1	-12	
All farm products .....	259	264	290	-2	-11	
Prices paid, interest, taxes, and wage rates .....	279	281	289	-1	-3	
Prices paid for commodities:						
Living .....	269	269	271	0	-1	
Production .....	257	261	281	-2	-9	
Parity ratio .....	93	94	100	-1	-7	



Prices Paid  
Also Down

The index of prices paid by farmers including interest, taxes, and wage rates (the parity index) declined about 2 points from March 15 to April 15. Most of this change resulted from a moderate decline in prices for production items, which averaged the lowest since December 1950. A decrease in feeder livestock prices was the largest contributor, but prices of feed, seed, and motor vehicles also averaged lower. Prices of goods bought for rural family living averaged about the same on April 15 as a month earlier. Higher prices for household appliances and floor coverings raised the average for household furnishings, the first upturn for the group since last September. This gain was about offset by lower prices for autos and auto supplies as prices for one of the leading makes of new cars was reduced. Prices for food, clothing, and shelter averaged about the same as in March.

Although the parity index declined over the month, prices received by farmers dropped even more and the parity ratio was off 1 point to 93 in mid-April. This compares with 100 in April 1952.

#### FARM INCOME

Farmers received about 8.6 billion dollars in the first 4 months of 1953, 2 percent less than last year. Cumulative receipts are likely to run below the comparable period last year throughout 1953. Prices averaged 10 percent below a year ago, but the volume of marketings was larger. Receipts from livestock and livestock products were 5.4 billion dollars, down 7 percent from 1952. Receipts from meat animals and dairy products were lower than a year ago, but those from poultry and eggs were higher.

Crop receipts in the first 4 months were 3.2 billion dollars, up 9 percent from last year, largely because of increases in receipts from wheat, corn, soybeans, and tobacco.

The preliminary estimate of cash receipts for April is 2.0 billion dollars, about the same as in the previous month and a year earlier. Compared with last year, lower average prices were nearly offset by increased marketings. Receipts from most of the principal livestock and livestock product items were above March and their total was up a little. The total was below a year ago, however, because of smaller receipts from meat animals and dairy products. Crop receipts in April were slightly below March because receipts from corn, cotton, soybeans, and tobacco were down. They were 6 percent above April of 1952, however, reflecting larger receipts from wheat and corn.

#### LIVESTOCK AND MEAT

With a continued strong demand for meat in prospect, about the usual seasonal price movements for meat animals are expected this summer. Until marketings of fed cattle ease off this summer prices of fed cattle will probably remain close to present levels but may rise seasonally



later. Prices of grass cattle will likely make a general seasonal decline and be considerably below prices of fed steers by fall. Prices of hogs, which had been advancing rather steadily since last December, may ease off and then recover during the late summer months. Prices of lambs have increased considerably since the first of the year and early in May were only 2 to 3 dollars per hundred pounds below a year ago. A seasonal decline is likely this summer and fall.

Prices have remained relatively stable in recent weeks even though cattle slaughter has been even more above a year earlier than the 24 percent gain registered for commercial slaughter in January-March. The rate of slaughter probably will continue above last year by a considerable margin. Slaughter increased sharply in the second half of 1952, and since that time has more nearly reflected the record size of the Nation's cattle herd than the relatively small slaughter of the past four years.

The marked rise in hog prices from last winter reflects to a large degree smaller production. Farrowings were reduced last fall and a smaller spring pig crop was planned by farmers. The favorable price outlook for hogs relative to feed will likely result in an increase in farrowings this fall. Beginning in mid-fall farrowings may be considerably above a year earlier.

The rate of sheep and lamb slaughter, like that of cattle, has been substantially over a year ago. In addition to seasonally high marketings of fed lambs, California has been marketing a larger early lamb crop and the movement of old crop lambs from Texas has also been up. It appears that sheep and lamb slaughter has been large in relation to the number of sheep and lambs on farms. Slaughter probably will not continue above a year ago by so great a margin this summer and may be below 1952 slaughter some time this fall.

Total meat supplies this year may show a small gain over 1952. Increased consumption of beef and veal per person will about offset the reduction in pork.

#### DAIRY PRODUCTS

Prices of manufactured dairy products have continued unchanged for the past month at the equivalent of reduced support levels for milk and butterfat. Since last winter prices paid by dealers for fluid milk have declined more than seasonally due to large supplies and lower prices for manufactured dairy products. Average prices received by farmers in mid-April for both milk and butterfat were below a year earlier and probably will continue so through the remainder of 1953.

Output of milk the first 4 months of this year totaled 38.2 billion pounds, 2.3 billion pounds over January-April 1952. Production in April was 7 percent greater than a year earlier, about the same percentage gain as in December through March. While the increase over a year earlier is likely to decline in coming months, total milk flow for 1953 as a whole will exceed the 115.1 billion pounds of 1952 by around 3 billion pounds.



Milk prices in relation to prices of feed and other livestock products continue below the long-time average. But temporarily, at least, this does not appear to be a deterrent to heavy milk production. An increase in milk cow numbers occurred in the latter part of 1952 and may be continuing this spring.

Most of the increase in milk flow continues to be channeled to production of butter, cheese and nonfat dry milk. Consumption of ice cream and liquid whole milk has shown only slight increases over last year.

Substantial purchases of dairy products under the support program are continuing. Since April 1, the beginning of the new program year, the Department has purchased 45 million pounds of butter, 44 million pounds of cheese, and 85 million pounds of nonfat dry milk.

#### POULTRY AND EGGS

The rate of egg production on farms is now declining from the season peak, and market prices through mid-May continued favorable to producers. Consumer demand for eggs continues strong, and there is a considerable demand for both shell and frozen eggs for storage. With egg prices this spring some 10 cents per dozen above a year earlier, the seasonal price increase in 1953 may be smaller than in 1952.

The favorable egg-feed price relationships this spring had not by May 1 induced producers to increase their laying flock replacements over a year earlier. On that date, young chickens on farms were about the same as a year earlier, while 10 percent more eggs were in incubators. Since the major hatching season is approaching an end, this suggests the increase in the number of chickens raised for laying flock replacements will be considerably smaller than would have been expected on the basis of the 33 percent increase over last January-April in the egg-feed price ratio.

Broiler prices in most areas declined somewhat in late April. The trend of broiler prices for the next few months will be influenced by the gradually increasing supplies of broilers which will be marketed from recent placements. Monthly placements increased steadily from February through April, and continued large into May.

Storage holdings of turkey have been reduced at a rate of about 23 million pounds per month since February 1, compared with a monthly reduction of 15 million pounds in the same period of 1952. Hatchery reports indicate a 19 percent reduction from last year in January-April poult production, in 14 typical and important turkey producing States. This suggests that turkey raising may be more profitable in 1953 than it was last year.



## FATS, OILS AND OILSEEDS

Supplies of edible oils in April-September 1953 will be substantially greater than last year, reflecting record stocks on April 1 and an expected increase in output. However, commercial stocks on April 1 were comparatively small, as CCC holdings of cottonseed oil comprised about 75 percent of total stocks of all edible vegetable oils. Market prices of cottonseed oil at the beginning of the crop year were moderately below the CCC resale price for domestic use, but have since trended upward and at present are only slightly below the CCC resale level. With large purchases of cottonseed oil under the price support program, demand for soybean oil increased and prices rose. Prices of edible vegetable oils have declined moderately in recent weeks but this movement appears to be leveling off and probably will be reversed later this spring.

Supplies of lard in April-September 1953 will be less than a year earlier, with an expected 15 percent drop in output more than offsetting larger beginning stocks. Present lard prices are substantially below those for the edible vegetable oils. With declining supplies and about the same level of disappearance as the year before, prices of lard probably will strengthen as the season progresses.

CCC is offering for sale at market prices 1953 crop flaxseed purchased in Texas under the price support program. Present prices are substantially below the support level, mainly because of a sharp decline in meal values since last December. It is expected that CCC will purchase about 1,250,000 bushels of Texas flaxseed by July 31, 1953.

## CORN AND OTHER FEED

Prices of feed grains have been comparatively stable in the past 2 or 3 months, averaging about 10 percent lower than a year earlier. Corn prices continue below the national average support price, and through mid-April 306 million bushels have been placed under loan and purchase agreement. Prices of a number of the high-protein feeds have declined in recent months and in April they averaged 18 percent lower than a year earlier. Prospects for the 1953 crops will be a dominant factor influencing feed prices during the next few months. A favorable season for feed grains probably would result in seasonally lower prices this summer and fall. Price supports for 1953 feed grains, however, are generally near those for the 1952 crops and would temper the extent of the decline if big crops are produced.

Farmers fed their livestock about 9 percent less grain and other concentrates during October-March than in the same period of 1951-52. This apparently was the result of fewer hogs and poultry on farms, and the much better quality of the 1952 corn which led to reduced feeding per animal unit. Feeding probably will continue smaller during the last half of the season, although the reduction from a year earlier is not expected to be as great as in the first 6 months. It now appears probable that the carry-over of feed grains into 1953-54 will total around one-third larger than the 20 million tons carried over into 1952-53. The carryover of corn is expected to total around 800 million bushels, a substantial part of which will be owned by CCC or under loan.



Combined stocks of corn, oats, and barley in all positions on April 1 totaled 61 million tons, 7 million larger than a year earlier. Stocks of corn in all positions totaled 1,808 million bushels, nearly 300 million larger than last year, but a little smaller than the record level on that date during 1949-51. April 1 stocks included about 261 million bushels of corn owned by CCC and 275 million bushels under loan.

Prospects for 1953 crops were generally favorable in early May. Progress in planting and early growth of corn and other feed crops has been near normal. Dry weather in the Southwest has resulted in much greater than usual abandonment of winter wheat. This is expected to result in a substantial increase from 1952 in sorghum grains and some other feed crops in that area.

#### WHEAT

Current prospects point to supplies for 1953-54 not much different from those in the current marketing year. Although production is expected to be below last year, carry-over stocks will be large enough to more than offset the reduction. On the basis of the May indication of winter wheat and assuming average yields on intended spring wheat acreage, production would total about 1,040 million bushels. With a carry-over of about 575 million bushels, and imports of about 5 million, total supplies would be about 1,620 million bushels--slightly larger than the 1,572 million estimated for 1952-53.

On May 18 the price of No. 2 Hard Winter, ordinary protein, at Kansas City was \$2.33, No. 1 Dark Northern Spring at Minneapolis was \$2.40, and No. 1 Soft White at Portland \$2.34. Prices were 15 cents, 11 cents, and 10 cents, respectively, below the 1952-crop loan at these three markets. On the other hand, prices were 19 cents above the low of the season at Kansas City and generally 2 to 5 cents above the low at other principal markets.

The quantity of 1952-crop wheat pledged under loan totaled 393 million bushels, of which 28 million has been redeemed, leaving a net of 370 million bushels. There were also 62 million bushels under purchase agreements. Most of the total of 432 million bushels will be delivered to the CCC. This, together with inventories remaining from previous acquisitions (about 103 million bushels were still on hand April 30), will result in the CCC holding a very large part of the 575 million bushel carry-over expected on July 1, 1953.

#### FRUIT

With the seasons for 1952-crop deciduous fruits and 1952-53 Florida citrus drawing to a close, grower prices for fruits probably will reach their annual peak in June, averaging somewhat above prices in June 1952. Some decline in prices for deciduous fruits can be expected as market supplies of the 1953 crop gain volume. Reduced carry-over stocks of canned fruits held by packers and smaller cold-storage stocks of frozen fruits than a year ago will contribute to relatively high prices in June and July.



Because of slow movement of Florida oranges to processors in March and early April, supplies in this State remaining to be marketed after the first of May were moderately larger than a year earlier. But movement to concentrators is expected to be heavy in May and early June. Output of frozen orange concentrate by May 9 of the 1952-53 season was over 35 million gallons, slightly larger than a year earlier. But the pack of over 16 million cases (24-2's) of canned orange juice was 10 percent smaller. Prices received by growers for Florida oranges for making into frozen concentrate have averaged more than 50 percent higher this season than last. In early May, supplies of Florida grapefruit were dwindling, processing was about over, and prices on the auction markets were rising. Movement of California Valencia oranges was just getting well started.

Cold-storage holdings of 1952-crop apples on April 30, 1953 were down to approximately 3.3 million bushels, 13 percent larger than a year earlier but 25 percent smaller than the 1948-52 average for April 30. Grower prices in June probably will not change much from the relatively high levels of May. In each month of the 1952-53 season, grower prices have averaged substantially above a year earlier.

The 1953 crop of peaches in the 10 Southern early States is expected to be 14 percent larger than the 1952 crop but 13 percent under the 1942-51 average. Prospective production is larger than in 1952 in all 10 States except in North Carolina, South Carolina, and Alabama, where weather in early spring was unfavorable. In California, prospects on May 1 were for larger crops of apricots and plums than in 1952, but for a smaller crop of sweet cherries. Production of strawberries in the late spring States, much of which is marketed in June and July, is estimated at 5.3 million crates of 24 quarts each, slightly larger than in 1952. However, total production of commercial strawberries, estimated at nearly 11 million crates, is about 8 percent smaller than in 1952.

Stocks of 10 items of canned fruits combined (apples, applesauce, apricots, sweet cherries, RSP cherries, fruit cocktail and salad, peaches, pears, plums and prunes, and citrus segments and salad) held by packers April 1, 1953 were about 18 percent smaller than a year earlier. On April 30, 1953, cold storage holdings of frozen fruits and berries (excluding juices) were about 20 percent under stocks on that date in 1952. Stocks of frozen strawberries were seasonally low but 9 percent larger than a year earlier.



## COMMERCIAL VEGETABLES

For Fresh Market

It has been estimated that total production of fresh vegetables in the first half of 1953 will be 8 percent more than in the first half of 1952; and prices thus far have averaged moderately lower. Acreage increases over last year are indicated for summer crops of cabbage, onions, and watermelons. The first official estimates of production for these crops will be made June 10. But if production increases in proportion to the indicated acreage, prices to farmers probably will be lower than last summer. The increased spring supplies of cantaloups this year have reduced prices below last year in terminal markets. This lower level may have some effect on prices in the early summer season following, for which increased acreage is indicated. Early summer acreage this year also is up slightly for carrots and considerably for green peppers.

For Processing

Growing conditions and progress of processing crops are about average or better for this time of year.

Increased acreages from last year are indicated for the processing crops of snap beans, green lima beans, green peas, cucumbers for pickle, beets for canning and cabbage for kraut. Considerably smaller acreage is indicated for tomatoes for processing. While the sweet corn acreage for processing is indicated to be nearly as large as last year, yields are apt to be lower than last year's record high. Production of spinach for processing on winter and spring acreage, which supplies about half the annual processing crops, is moderately smaller than last year.

Prices received by farmers for truck crops grown for commercial processing are not estimated officially until December. However, the large cut in acreage planned by processors of tomatoes, together with other incomplete information, indicates that prices offered this year for processing tomatoes are moderately lower than last year. Prices for most other processing crops probably will be about as high as last year.

## POTATOES AND SWEETPOTATOES

Ample supplies of new and old potatoes are being marketed at prices much lower than a year earlier. Supplies for the rest of the year are likely to continue well above a year earlier, and prices much lower, if March intentions to plant are carried out and yields are average.



Production of early commercial 1953 crop potatoes through early spring have been about 1.2 million bushels, 15 percent larger than a year earlier. The May crop report indicated an even greater increase for commercial potatoes to be harvested in late spring-- 11 million bushels or 29 percent.

Significantly larger supplies of sweetpotatoes may be available this year than last, if March planting intentions are followed. Assuming such acreages and yields in line with recent averages, the crop would be about 35 million bushels. This compares with a small crop of 28 million bushels in 1952 but is still less than two-thirds of the 1941-50 average crop. Larger supplies and lower prices should become evident when the 1953 crop begins moving to market in considerable volume this summer.

#### COTTON

U. S. mills consumed an average of 36.7 thousand bales of cotton per working day in April compared with 33.9 thousand in April 1952. The decline from March to April this year was less than usual. Trade reports indicate that domestic mills have received large orders for gray goods for delivery in the third and fourth quarters of 1953. These developments point to a continued high level of consumption during the remainder of the current crop year.

Exports of cotton during March were lower than in February, and were smaller than during March 1952. From August 1, 1952 through March 1953, exports totaled 2.2 million bales, compared with 4.6 million for the same period a year earlier. In April, the Export-Import Bank announced combined loans of 52 million dollars to Spain and Japan for purchasing cotton. That portion of these loans which will be used before August 1, 1953 coupled with other funds available from the bank and the Mutual Security Administration are expected to finance about 1.4 million bales of cotton exports from August 1, 1952 to July 31, 1953.

Over 2 million bales of 1952-crop cotton were covered by outstanding Commodity Credit Corporation loans on May 8. This compares with 370 thousand bales of the 1951 crop covered on May 8, 1952. The portion of the 1952 crop now held under Commodity Credit Corporation loans comprises about 13 percent of the 1952 crop. Cotton held by the CCC from all crops amounts to about 2.3 million bales.

Relatively large Commodity Credit Corporation loans and continued high consumption of cotton by domestic mills probably caused the slight increase in the average 10-spot market price for Middling 15/16 inch cotton during the first part of May. On May 18, this price was about 0.62 cents per pound higher than on April 15 and March 31.



## WOOL

Domestic mill use of both apparel and carpet wool during the early months of this year was substantially above a year earlier. Consumption of apparel wool through February totaled 64 million pounds, scoured basis, 19 percent above last year. Use of carpet wool amounted to 26 million pounds, 27 percent more than a year ago.

Imports of dutiable (apparel) wool for consumption during January-February totaled 39 million pounds, clean content, about 3 percent below last year. Imports of duty-free (carpet) wools during the same months, however, amounted to 30 million pounds, about double those of early last year.

After a slight decline in early April, wool prices in foreign markets resumed their upward trend. By early May most wools had recovered their losses. Quotations in domestic markets also advanced slightly from early April to early May. The increases at Boston, however, were limited to fine domestic wools. Graded territory fine good French combing and staple, quoted at \$1.70-1.75 per pound, clean basis, in early April, was 2 to 3 cents higher in early May. Prices received by growers for shorn wool at mid-April averaged 53.4 cents per pound, grease basis, a cent higher than for the previous month and about 2 cents higher than in April last year. The mid-April average was slightly above the national average support level of 53.1 cents of the 1953 program.

As of March 31, advance and non-recourse loans under the 1952 price support program were outstanding on about 92 million pounds of greasy and on almost 1 million pounds of scoured shorn wool. Through March 31, almost 7 million pounds, grease basis, of shorn wool had been taken over by CCC. Purchases of pulled wool through March 31 amounted to about 2.5 million pounds of grease wool and about 2.1 million pounds of scoured wool.

## TOBACCO

Auctions for the 1952 Maryland tobacco crop opened on May 5, 1953. Market prices for sales through mid-May averaged 49.6 cents per pound--14 percent more than in the comparable period of a year earlier. The season average price for the 1951 crop marketed last spring and summer was 44.8 cents per pound. Government price support is not available on the 1952 crop marketings but will be in effect at 90 percent of parity on the 1953 crop. Maryland growers voted in favor of a marketing quota on the 1953 crop last October 29. The crop now being marketed is estimated at 39 1/2 million pounds. With the 65 million pounds of stocks on January 1, 1953, the total supply is nearly 105 million pounds, about 5 percent greater than a year ago. March 1 indications pointed to a reduction of about 8 percent in the Maryland tobacco acreage this year compared with last.



The 1953-54 supplies of flue-cured and Burley probably will be a little larger than in 1952-53. Acreage allotments are moderately lower but expected decreases in the size of this year's crops are likely to be more than offset by larger carry-overs.

Indicated tax-paid withdrawals of cigarettes in the first quarter of 1953 were 7 percent above the first quarter of 1952 and for cigars, an increase of a little over 1 percent. Smoking, chewing, and snuff tax-paid withdrawals were 6 to 7 percent less in January-March 1953 than in the same period of a year earlier.

Exports of flue-cured tobacco during the first half of 1953 will exceed those of the first half of 1952 because of substantial shipments of tobacco on which British buyers took an option last season. During July 1952 - March 1953 (first three-fourths of the flue-cured marketing year), exports were more than 31 percent below the same period of a year earlier. For other types during October 1952 - March 1953 (first half of the respective marketing year), exports of Burley and dark air-cured (including Black Fat) were down 11 and 36 percent, respectively, from a year earlier; but exports of fire-cured, Maryland and cigar tobacco were up 17, 2, and 38 percent. For all types of tobacco combined, exports during the 1952-53 marketing year as a whole seem likely to be about one-seventh lower than in 1951-52.



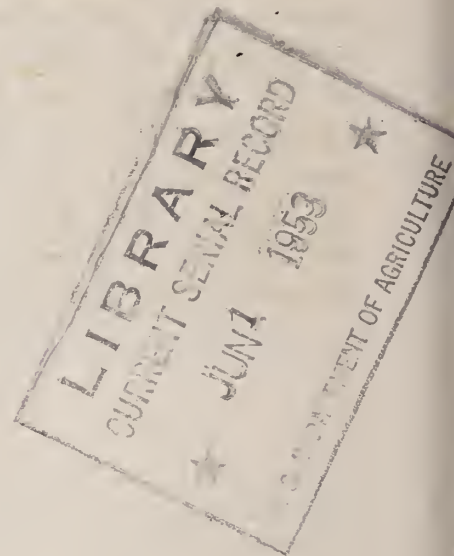
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